13:12:40

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

DATAQUILL LIMITED,	)	
	)	
Plaintiff,	)	
	)	C.A. No. 21-1438(MN)
v.	)	
	)	
GOOGLE LLC, et al.,	)	
	)	
Defendants.	)	

Thursday, May 26, 2022
2:00 p.m.
Teleconference

844 King Street
Wilmington, Delaware

BEFORE: THE HONORABLE MARYELLEN NOREIKA
United States District Court Judge

APPEARANCES:

FARNAN LLP
BY: MICHAEL J. FARNAN, ESQ.

-and-

GLOBAL IP LAW GROUP
BY: ALISON A. RICHARDS, ESQ.
BY: DAVID BERTEN, ESQ.

Counsel for the Plaintiffs

APPEARANCES CONTINUED:

MORRIS NICHOLS ARSHT & TUNNELL LLP
BY: BRIAN P. EGAN, ESQ.

-and-

ARNOLD & PORTER
BY: MICHAEL A. BERTA, ESQ.
BY: NICHOLAS LEE, ESQ.

Counsel for the Defendants

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13:51:34 THE COURT: Good afternoon, counsel. Who is there, please?

14:00:05 MR. FARNAN: Good afternoon, Your Honor. This is Michael Farnan for the plaintiff. And with me on the line are David Berten and Alison Richards from Global IP Law Group. And Ms. Richards will handle the argument this afternoon.

14:04:20 THE COURT: All right. Thank you. Good afternoon to all of you.

14:04:33 MR. EGAN: Good afternoon, Your Honor. This is Brian Egan from Morris Nichols on behalf of the Google defendants. Joining me today are Michael Berta and Nicholas Lee from Arnold & Porter as well as Howard Chen who is in-house litigation counsel for Google.

14:04:56 THE COURT: All right. Good afternoon to all of

you as well.

So we have the motion to dismiss the indirect infringement claims and the willfulness allegations. The direct infringement is going to go forward regardless; right, Mr. Egan, or someone else?

MR. BERTA: This is Mike Berta. Yes, Your Honor, indirect infringement will go forward.

THE COURT: So I guess when I look at the claims, I'm trying to figure out where indirect infringement comes into play here because it looks like there is device claims and so I'm just trying to understand kind of where we are in this case and what the relevance of this is.

MR. BERTA: If I can address -- sorry, I apologize, Your Honor.

THE COURT: Go ahead.

MR. BERTA: This is Mike Berta.

For us, the reason we filed our motion, and where this case begins is as you know the patent expired a long time ago. There is a relatively limited damages window and there are as I understand it two buckets of potential liability. First, there is direct infringement, as you say. There are some phones that Google bought from a supplier and then we sold as Google branded phones. There is a claim that that is a direct infringement. There is a license issue with respect to those phones which was the assets and

we think it might be helpful to talk to the Court at some point about the issue of whether those phones are licensed because that potentially could resolve or not resolve that issue.

And then the other bucket, bucket two of two is a claim, and I think it's in the claim at around paragraph 115 or so, where they say that by the fact that random manufacturers of phones use Android and offer Google Play, that is indirect infringement by Google, either inducement or contributory infringement by the fact that Google having had Android or having had Google Play, other random phone manufacturers, that's the accusation is that that's the direct infringement for this limited time period.

For this motion since there is no ongoing infringement because the patent is expired, the question is if there was knowledge of the patent and knowledge of infringement for that seventeen-month period on that indirect infringement claim that would sort of inform the viability of this second bucket of indirect infringement.

THE COURT: All right. That was helpful. All right. So we have read the papers, but I wanted to give you an opportunity to argue anything else that you think we should focus on. So go ahead.

MR. BERTA: Thank you, Your Honor. I'll just try to be brief because we do talk -- we address most things

in the papers. What I would say to put a finer point on it is in our view, they rely a lot on the notice letter for purposes of this issue of indirect infringement. That letter standing alone did not provide knowledge of the patent. If the Court follows the Momic decision, for example, which is not controlling but of this district, because the patent being talked about --

THE COURT: Let's just say I look at that letter and I say I think it gives notice of the patents. My question really is notice of infringement. So if you want to spend your time convincing me it doesn't give notice of the patent itself, I guess you can, but I think you're better off giving me highlights of why it doesn't give notice of infringement.

MR. BERTA: Fair enough, Your Honor. And I will do that. So assuming that notice of the original patent is notice of the re-exam patent, what that letter definitely doesn't do is first, it mentions a product, you know, the nexus one, but it does not claim -- it certainly doesn't -- if one were to follow cases like *Dynamic Data* which I understand are not Your Honor and also not controlling but of this district, it certainly doesn't explain infringement in any way, but it also doesn't claim infringement. I think that is sort of where the key is that that letter as we say in the reply we think looks to be carefully crafted to not

create DJ jurisdiction because it doesn't make a claim of infringement much less explain infringement sufficient to give an inference of knowledge of infringement which --

THE COURT: That was actually going to be one of my questions. Do you think that that language is declaratory judgment jurisdiction?

MR. BERTA: I think it is designed to not do so. I do not think it gives declaratory judgment jurisdiction because they do not make a claim of infringement, that would be the response.

THE COURT: Okay.

MR. BERTA: And that I guess is our point since Google never DJ'd them because that letter doesn't really give, you know, under the law at the time it doesn't give DJ jurisdiction and now to say twelve years later well you kind of knew what we meant, why would we send a letter, I don't think that's the same thing as then plausibly inferring that Google would have knowledge of infringement which this Court in *DoDots* acknowledged was part of the standard where there is a letter at issue that doesn't actually even say infringement much less under cases like *Dynamic Data* explain how that infringement would have occurred.

That's our position on the letter. Set aside this issue of under Momic whether the re-exam is the same as the original patent, because it doesn't claim infringement

much less explain it that under those cases there is not sufficient basis to infer knowledge of infringement which is what is required. Adding on top of that the product that was mentioned there, which wasn't claimed to be infringed, was discontinued shortly thereafter and was never sued and will never be claimed for damages. The product they referenced as potentially of interest without claiming infringement was long gone and never sued. And the claims themselves that were called out were all canceled.

I understand there is this argument of whether or not in the re-exam certificate other claims were alive that were substantively the same as those, but all of the claims that are in that letter are canceled claims. So there is just no basis to assume that Google will go through and reconstruct what happened in the re-exam, apply it to some other product and thus come to a determination of knowledge of infringement based on a letter that doesn't even actually say -- it's quite careful I think it doesn't say you infringe, and that's the essence of our argument on this, Your Honor.

And I think the issues of the Moto citation we dealt with in the paper, I'm happy to talk about it, but in the Moto citation was a decade before the letter and before everything else and wasn't by Google. And generally speaking we read the cases in this district with respect to

14:12:39 general industry knowledge of the fact of litigation as also being insufficient to infer knowledge of infringement. So I think it's really the letter and in our view because the letter doesn't say infringement, it certainly doesn't explain infringement. That's where we are.

Thank you, Your Honor.

THE COURT: All right. Thank you. All right. Plaintiff, do you want to respond?

MS. RICHARDS: Your Honor, thank you. Alison Richards for DataQuill.

Where I want to start is Google LIVE4 and Google's fundamental admission embedded in the slides with the idea that there is no dispute about whether the notice was sufficient for 287 purposes. If you look at the statute for 287, it says the damages are not recoverable except on proof that the infringer was notified of the infringement. And Google is not challenging that for 287 purposes.

Having admitted that the notice is sufficient to notify them of infringement for 287, it doesn't make sense to us for Google to deny knowledge of the patent and the infringement. For their motion related to inducement, contributory and willful infringement, the issue is knowledge, and knowledge is a lesser standard than notice in the sense that knowledge comes from all sources. There is the notice letter and there is the complaint. Said another

way, the letter is sufficient but not necessary.

Google just told you that the letter doesn't make a claim for infringement. I'm now on our slide 2. If you look at the In Re line it first identifies the patents and then it says violation notice. It then says, "The above '304 patent has been the subject of litigation." But then says, "You may wish to have your patent counsel examine the claims and tell us whether you either want an exclusive license or whether you want a covenant not to sue." It doesn't say license or not, it says license or covenant not to sue.

And then it says, "We believe a license will benefit you by providing Google the ability to practice the claims without violating rights under the patent."

Moving to slide 3, the letter then says, "Please be advised that DataQuill is presently involved in litigation. DataQuill prefers to engage in discussion about settlement."

So it seems like Google is fixating on the fact that the literal word "infringement" isn't in there, but there is certainly enough in this letter including violation notice to make a claim of infringement.

At a minimum there is a fact issue about whether this notice letter is sufficient to make a claim of infringement. It's not appropriate to be decided on a

14:15:23 motion to dismiss.

14:15:24 With respect to the explanation of infringement
14:15:26 argument, it's not a correct statement of law to say that
14:15:32 the explanation of infringement was required from the patent
14:15:35 owner related to what I said earlier.

14:15:37 THE COURT: What's your best case for that?

14:15:41 MS. RICHARDS: Well, really it all goes back to
14:15:45 the standard for what's required for inducement of
14:15:49 infringement.

14:15:53 THE COURT: I saw that, though, in your slides
14:15:59 when I was browsing through them and there is another entry
14:16:03 that says it's not needed as a matter of law, or it's needed
14:16:08 and correct what they're saying, so it would help me if when
14:16:12 you say that's not needed you cite to me your best
14:16:16 authority. And I understand when you're saying oh, look at
14:16:20 the standard, and if that's all you have, that's fine, but
14:16:28 is there a case where you can say someone saying you may
14:16:31 want to have your prosecution counsel look at this and not
14:16:35 give anymore specifics on infringement is sufficient, that
14:16:39 would be very helpful.

14:16:40 MS. RICHARDS: Well, a few thoughts. I don't
14:16:43 have a case that identifies elements that are not required.
14:16:48 I have the standard for induced infringement that the
14:16:51 alleged infringer knowingly induced infringement. They have
14:16:56 to knowingly induce infringement. I don't have a case that

says the patent owner doesn't have to explain it. But I also think if you look at the letter, the whole letter, not just the part that Google excerpted, and it says there is a violation notice, there is an explanation. The infringement case here is very straightforward, all phones that have an Android operating system infringe the patents. And the letter says that Google has manufactured, offers for sale and sold phones with Android. It gives one example and it says the example, I do believe of the Nexus 1, but it's not completely devoid of an explanation even though an explanation is not required.

THE COURT: Okay. Anything further?

MS. RICHARDS: Thank you. Google also argues that the letter didn't identify the product at issue. And this is also incorrect on both the law and the facts. The relevant standard is, you know, both of these things we're arguing about, you know, they've already admitted in a 287 context that the infringer was notified of the infringement, but we're still arguing about this anyway. The standard is Google's knowledge from all sources which is not limited to the notice letter. The letter if you read the language is not limited to the Nexus 1 line of products, that's an example of one kind of Android phone. Google's knowledge is that all phones with Android and a touchscreen infringe. That comes from the letter and the other sources filed in

the complaint, so it's irrelevant whether the phone is called a Nexus 1 or Nexus 6 or the Pixel or the HTC Droid.

At the outset of the hearing Google suggested that there is a randomness to what phones are accused of infringement, but it's not, you know, it's not that there are these random phones. Google is closely working with each of these phone companies to have Android on the phone to make it work and have revenue sharing agreements. They're heavily involved. But the point is the product name doesn't matter. Google and the manufacturers change their product names all the time, nearly constantly and there is no law that requires DataQuill to renotice Google every time a new phone name was changed or a new phone was introduced.

THE COURT: Okay. Anything else?

MS. RICHARDS: No, I think we covered the knowledge of the patent claims which I understand to be their other argument.

THE COURT: Okay. All right. Any reply?

MR. BERTA: The only thing I would point to we also said in the paperwork, it is plaintiff that has definitely taken the position that the standards for notice under Markman are distinct and separate and can't be relied upon for cross purposes with respect to inducement and that's in the papers at page 212.

THE COURT: Okay. Just give me a second.

14:20:38 **All right. Thank you everyone for the**
14:21:26 **arguments. They were helpful. I have before me Defendants'**
14:21:30 **motion to dismiss the claims of indirect infringement and**
14:21:32 **pre-expiration willfulness and Plaintiff's amended**
14:21:36 **complaint. I am going to grant the motion.**
14:21:38 **First the law, the general law on pleading**
14:21:41 **requirements and in particular pleading induced infringement**
14:21:43 **is set forth in *DoDots Licensing Sols LLC v. Lenovo Holding***
14:21:50 ***Co.*, C.A. No. 18-098-MN, 2019 Westlaw 3069773 from back in**
14:21:59 **2019, and the law on pleading contributory infringement is**
14:22:03 **in *AgroFresh, Inc. v. Essentiv LLC,* C.A. No. 16-662-MN, and**
14:22:09 **then Westlaw 350620, also in 2019, and the requirement for**
14:22:16 **willfulness in *CAO v. OSRAM,* C.A. No. 20-690, I'm adopting**
14:22:28 **all of that law and using it in my ruling here today.**
14:22:31 **Indirect infringement and willfulness require**
14:22:34 **knowledge of the patents and knowledge of infringement.**
14:22:37 **Here I find that knowledge of the patent is sufficiently**
14:22:40 **pleaded. The 2010 notice letter informs Google of the '304**
14:22:45 **patent. Although the patent was later reexamined and many**
14:22:48 **things were canceled, the amended complaint alleges that**
14:22:50 **claims 101 of the reexamined '304 patent is identical to the**
14:22:55 **original dependent claim 21 rewritten in independent form**
14:22:58 **and original claim 21 was one of the claims noted in the**
14:23:03 **letter. And I think that at this stage I need to draw all**
14:23:08 **reasonable inferences in Plaintiff's favor. This is**

sufficient.

Based on the allegations in the amended complaint, however, I do not see allegations of willful which would infer knowledge of infringement. First I do not read the notice letter as putting Google on notice of infringement. It does not state Google infringes or make a claim of infringement. And I agree that it appears to be constructed to avoid inferring DJ jurisdiction and was careful not to assert infringement. The letter states that Google may wish to have its patent counsel examine the claims relevant to Google devices and systems to determine whether a nonexclusive license or appropriate covenant is needed. It doesn't say that one is definitively needed. And although it does follow-up by stating a belief that a license would benefit Google by providing the ability to practice claims of DataQuill's patent without violating rights under the patent and any relevant rights which may rest under a pending application, there is no substance supporting that belief. And even if I were to find that the letter had provided notice of infringement of certain products, I do not find any allegations from which I can reasonably infer that Google was on notice of infringement of any of the products currently accused of infringement. It may be, for example, that the way these products work is identical to the way earlier products worked relative to the

14:24:38 infringement allegations, but that is certainly not pleaded.

14:24:42 I also don't find that it is sufficient to

14:24:45 allege knowledge of infringement that there was

14:24:49 industry-wide knowledge that this patent was being asserted

14:24:52 nor that another party a decade before cited the patent

14:24:56 during the prosecution of a patent that at some point is

14:24:58 required by Google. So having found that knowledge of

14:25:01 infringement has not been adequately pleaded, I will dismiss

14:25:04 the claims of indirect infringement and I will not allow

14:25:07 willfulness to go forward.

14:25:08 The claims of direct infringement which are not

14:25:13 the subject of this motion will go forward. And let me say

14:25:16 that in granting the motion I will do so right now without

14:25:21 prejudice. I know that there is a significant history with

14:25:24 this patent and maybe the parties have a history as well and

14:25:30 perhaps there is something more that DataQuill can assert

14:25:35 plausibly allege knowledge of infringement. Given the

14:25:37 unique circumstances in this case, though, with an expired

14:25:40 patent and where from the argument it's not clear that there

14:25:45 is more that could be asserted, I am going to say that

14:25:48 should DataQuill wish to amend to reassert indirect

14:25:52 infringement or willfulness, it should follow my procedures

14:25:55 for requesting leave to amend so that we can first determine

14:25:58 whether such amendment would be futile.

14:26:01 So that's my ruling and the transcript will

14:26:04 serve as my ruling. Are there any questions or other issues
14:26:11 that we need to discuss?
14:26:14 First from the Plaintiff?
14:26:20 MS. RICHARDS: No. Thank you, Your Honor.
14:26:21 THE COURT: All right. Defendants?
14:26:24 MR. BERTA: No, Your Honor, not at this time.
14:26:28 THE COURT: All right. It was brought up about
14:26:31 the license issue. I think that's one that's just going to
14:26:35 have to play itself out for a while. I don't think that it
14:26:39 sounded to me like we were going to take that out of the
14:26:43 ordinary course in this case. So I would ask that that
14:26:49 issue not be raised again in any type of motion without
14:26:54 first addressing that with me and seeking leave to do so.
14:26:59 All right. Thank you everyone.
14:27:10 MR. BERTA: If the parties agree that it makes
14:27:12 sense to do that, would the Court be okay with us coming to
14:27:16 the Court and then letting you know that we both thought it
14:27:19 was a good idea to resolve this to hear the license issue?
14:27:22 Is that an acceptable way to go about that?
14:27:25 THE COURT: I think both parties would have to
14:27:27 agree it is dispositive and both parties would have to agree
14:27:31 that no other dispositive motions, that you would
14:27:34 essentially give up your ability to file later dispositive
14:27:38 motions if I determine that I shouldn't grant this motion.
14:27:42 MR. BERTA: Understood. Thank you, Your Honor.

14:27:44 **THE COURT: But normally I don't do it just because the parties think it's convenient for them because it's not really an efficient use of my time in most instances.**

14:27:56 **All right. Thanks everyone. Have a good rest of the week and enjoy your Memorial Day weekend.**

(Teleconference concluded at 2:27 p.m.)

I hereby certify the foregoing is a true and accurate transcript from my stenographic notes in the proceeding.

/s/ Dale C. Hawkins
Official Court Reporter
U.S. District Court